



## Senate

General Assembly

**File No. 478**

*January Session, 2001*

Substitute Senate Bill No. 1120

*Senate, April 26, 2001*

The Committee on Public Health reported through SEN. HARP of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***AN ACT CONCERNING THE EXPANSION OF CONNPAGE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 17b-492 of the general statutes is  
2 repealed and the following is substituted in lieu thereof:

3 (a) Eligibility for participation in the program shall be limited to any  
4 resident (1) who is sixty-five years of age or older or who is disabled,  
5 (2) whose annual income, if unmarried, [is less than thirteen thousand  
6 eight hundred dollars,] or whose annual income, if married, when  
7 combined with that of [his] such resident's spouse, [is less than sixteen  
8 thousand six hundred dollars] does not exceed two hundred fifty per  
9 cent of the federal poverty level, (3) who is not insured under a policy  
10 which provides full or partial coverage for prescription drugs once a  
11 deductible amount is met, and (4) on and after September 15, 1991,  
12 who pays an annual twenty-five-dollar registration fee to the  
13 Department of Social Services. For purposes of determining eligibility  
14 for participation in the program under subdivision (2) of this

15 subsection, such resident, when applying for such participation, may  
16 deduct from such resident's annual income verifiable prescription  
17 drug expenses in excess of three thousand five hundred dollars  
18 incurred for such resident during the twelve-month period preceding  
19 the date of the application, provided any such resident who makes  
20 such deduction shall make available for review by the Department of  
21 Social Services documentation of the claimed prescription drug  
22 expenses. Such resident may make such deduction from annual  
23 income in subsequent twelve-month periods for purposes of  
24 determining continued eligibility for participation in the program  
25 under subdivision (2) of this subsection. On January 1, 1998, and  
26 annually thereafter, the commissioner shall, by the adoption of  
27 regulations in accordance with chapter 54, increase the income [limits]  
28 limit established under this subsection over [those] that of the previous  
29 fiscal year to reflect the annual inflation adjustment in Social Security  
30 income, if any. Each such adjustment shall be determined to the  
31 nearest one hundred dollars.

32 Sec. 2. (a) The Commissioner of Social Services shall submit an  
33 application for a waiver under Section 1115 of the Social Security Act  
34 to authorize the use of federal funds to match, on a dollar-for-dollar  
35 basis, state funds appropriated for the Connecticut Pharmaceutical  
36 Assistance Contract to the Elderly and the Disabled Program under  
37 chapter 319ff of the general statutes.

38 (b) The Commissioner of Social Services shall report to the joint  
39 standing committees of the General Assembly having cognizance of  
40 matters relating to public health and human services concerning the  
41 status of the waiver requested pursuant to subsection (a) of this section  
42 and the commissioner's recommendations for legislation required to  
43 expand the Connecticut Pharmaceutical Assistance Contract to the  
44 Elderly and the Disabled Program under chapter 319ff of the general  
45 statutes to utilize available federal matching funds. Such report shall  
46 be submitted not later than February 1, 2002, in accordance with the

47 provisions of section 11-4a of the general statutes.

48 Sec. 3. This act shall take effect from its passage.

**PH**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** Indeterminate Significant Cost

**Affected Agencies:** Department of Social Services

**Municipal Impact:** None

**Explanation****State Impact:**

This bill increases income limits for enrollees in the Connecticut Pharmaceutical Assistance Contract to the Elderly and the Disabled (ConnPACE) Program, establishes an income deduction for catastrophic prescription drug expenses, and requires the Commissioner of Social Services (DSS) to submit a Medicaid waiver application to seek federal matching funds for ConnPACE.

**Increase Income Limits**

The ConnPACE Program's income limits would be increased to 250 percent of the federal poverty limit, effective upon passage. These income limits are currently set at \$15,100 (single) and \$18,100 (married), and are indexed upward each January 1<sup>st</sup> in accordance with the prior year's social security cost of living adjustment. The new limits would initially be set at \$21,500 (single) and \$29,000 (married).

It is estimated that this policy change would result in an increase in

the number of ConnPACE enrollees by approximately 16,600 persons. FY 02 costs associated with supporting their drug purchases can be accommodated within DSS's budget, as provided within sHB 6668 (the Appropriations Act, as favorably reported by the Appropriations Committee). The Committee Report includes FY 02 funding of \$58,085,086 and an earmarking of \$20 million from the FY 01 General Fund surplus to allow for increasing the ConnPACE Program's income limits to 250 % of the federal poverty limit. As the surplus earmarking will not be ongoing, it is uncertain to what extent the program expansion can be continued in future years without supplemental appropriations.

### **Deduction from Income of Catastrophic Drug Expenses**

An additional indeterminate significant cost will be incurred as a result of allowing for the deduction from income of prescription drug expenses in excess of \$3,500 for purposes of determining program eligibility. The number of persons made eligible due to this policy change cannot be determined at this time. However, it is anticipated that DSS will incur both significant administrative costs, in the course of reviewing applicant's documented expenses, and program costs to support the purchase of an indeterminate number of additional prescriptions. Any resulting costs would be partially offset by the applicant's payment of a \$25 annual fee and collection of manufacturer rebates of approximately nineteen percent of the value of drugs purchased by these individuals. No funding has been included within sHB 6668 for this purpose.

### **1115 Waiver Application and Status Report**

The fiscal impact associated with requiring the development of a Section 1115 waiver application is uncertain. While it is anticipated that DSS will be able to submit the waiver application and report on its status by February 1, 2002, within its available appropriations, it is uncertain what response will be forthcoming from the Health Care

Financing Administration. It should be noted that in order to be granted a Section 1115 Research and Demonstration waiver, an applicant state must prove cost neutrality to the federal government.

**OLR Bill Analysis**

sSB 1120

**AN ACT CONCERNING THE EXPANSION OF CONNPACE.****SUMMARY:**

This bill expands eligibility for the Connecticut Pharmaceutical Assistance Contract to the Elderly and Disabled Program (ConnPACE) by changing income requirements. It also allows an applicant for the program to deduct certain prescription drug expenses for purposes of determining income eligibility.

The bill requires the commissioner of the Department of Social Services (DSS) to apply for a "Section 1115" waiver from the federal government to receive federal matching funds, on a dollar-for-dollar basis, for state funds appropriated for ConnPACE. By February 1, 2002, the DSS commissioner must report to the Public Health and Human Services committees on the status of the waiver application and her recommendations for legislation to expand ConnPACE using available federal matching funds.

EFFECTIVE DATE: Upon passage

**CONNPACE ELIGIBILITY**

By law, to be eligible for ConnPACE, an applicant must be a state resident for six months before applying; be 65 years of age or older or over age 18 and receiving disability benefits under the Social Security Disability Program (Title 2) or the Supplemental Security Income Program (Title 16); and have an annual adjusted gross income of less than \$15,100 if single, or combined income of less than \$18,100 if married. Also, the applicant cannot be enrolled in Medicaid, have prescription drug coverage that pays a portion or all of each prescription purchased; or have prescription drug coverage after a deductible has been met. There is an annual \$25 registration fee.

The bill expands ConnPACE eligibility by setting the income

guidelines at 250% of the federal poverty level (FPL) which is \$21,475 for a single person, and \$29,025 for a couple. The bill also allows an applicant to deduct from his annual income, verifiable prescription drug expenses over \$3,500 incurred for the 12-month period preceding the date of application. Any applicant making such a deduction must make documentation of these expenses available to DSS for review. The person can make such deductions from annual income in subsequent 12-month periods for determining continued ConnPACE eligibility.

## **BACKGROUND**

### ***Section 1115 Waiver***

Section 1115 of the federal Social Security Act allows states to waive provisions of Medicaid law to test new concepts that are congruent with the goals of the Medicaid program. The federal Health Care Financing Administration must approve such waivers.

### ***Related Bill***

HB 5607, favorably reported to the floor by the Human Services committee, creates a Part B component to the ConnPACE program (the current ConnPACE program becomes ConnPACE Part A).

In Part A, the bill (1) increases the income limit to 300% of the FPL and allows for indexing at the higher of the FPL or the Social Security increase; (2) allows married applicants to apply individually, thus using the income guidelines for a single person; and (3) permits applicants to deduct from countable income medical and prescription expenses incurred during the previous 12 months.

The Part B benefit enables enrollees, once they pay a \$25 annual registration fee, to purchase prescriptions at the average wholesale price, minus 12% or some other amount calculated under the Medicaid program. There is no asset limit. People over the age of 65 and those with disabilities who are ineligible for Part A can qualify, without an income limit. For people under age 65, income cannot exceed 300% of the FPL (adjusted annually by the higher of poverty level or Social Security increases), after deductions are taken for medical and



prescription drug expenditures. This latter group cannot get benefits if they have other insurance that provides full or partial drug coverage, but they can qualify once such coverage is exhausted.

**COMMITTEE ACTION**

Public Health Committee

Joint Favorable Substitute

Yea 25      Nay 0